CKEx2021 CORE KNOWLEDGE EXCHANGE

URBANIZATION OF SOCIAL PROTECTION: EMERGING LESSONS FROM ADAPTING SAFETY NETS TO URBAN AREAS

May 25, 2021

Ugo Gentilini
Senior Social Protection Specialist
Social Protection and Jobs
World Bank Group

Mattias Lundberg
Senior Economist
Social Protection and Jobs
World Bank Group

Paulo Hermida Gonzalez
Director of Salvador Social
Office of the Mayor (Casa Civil)
City of Salvador, Bahia State
Brazil

Apera Iorwa
National Coordinator
National Social Safety Net Coordination Office
Office of the Vice President
Nigeria

Debebe Barud Dera
Project Coordinator
UPSNP Project Coordination Unit
Government of Ethiopia
Ethiopia

Yunny Tai
Administrative Manager
Welfare-to-Work Services Division
San Francisco Human Services Agency
California, United States

PPT: Framing | Brazil | Nigeria | Ethiopia | San Francisco

What has been learned about the urbanization of social protection in the Covid-19 pandemic? The pandemic pushed about 33 million urban residents into poverty. Of the 1,800 social assistance measures in response to the pandemic, 237 had geographical boundaries. For every five safety net programs in rural areas, one safety net program occurred in urban areas—paralleling today's poverty landscape. But today's rate of urbanization is sonic and raises the question: can cities deliver on services for an agglomeration of people never before seen?

More urbanization means less overall poverty, but the remaining poverty tends to cluster in urban areas ("the urbanization of poverty"). About 4.4 billion people live in cities of different sizes, with another 2.5 billion expected in the next ten years. The rate of urbanization is roughly two people per second, with 90 percent of this occurring in Africa and Asia. These cities produce 80 percent of gross domestic product.

Urbanization also brings challenges. When demand for jobs, housing, and services outstrips demand, "congestion economies" are created. A manifestation of congestion economies is informal settlements or slums. The latest estimates indicate 200 billion people live in informal settlements or slums: a very big challenge.

Cities also are increasing exposed to crises ("the urbanization of crisis): natural, displacement, economic, and health risks/disease burdens. Gentrification is pushing vulnerable populations to move and live in areas progressively disposed to natural disasters (living in low-lying areas or next to riverbanks). Internally displaced people and refugees tend to flee to cities. Economic shocks ripple through inter-connected/-dependent cities and the global economy. The combination of dense, subpar housing (which represents 90 percent of low-middle-income housing) means cities can be vectors of disease.

Across regions, the poorest in rural areas are better covered than the poorest in urban areas, with differences ranging between 3 and 13 percentage points. Of the many reasons for this difference are: (i) policy makers may favir higher coverage of social assistance in rural areas because cities produce jobs; (ii) poverty is measured by consumption or by rates and not absolute numbers; (iii) possible fear that services induce further in-bound migration;

How do cities and social protection best intersect? There are specific challenges on how to think about the design of social assistance for dynamic livelihoods and high opportunity costs. To this, add specific data, delivery, and institutional issues that may hamper and may challenge such design in practice.

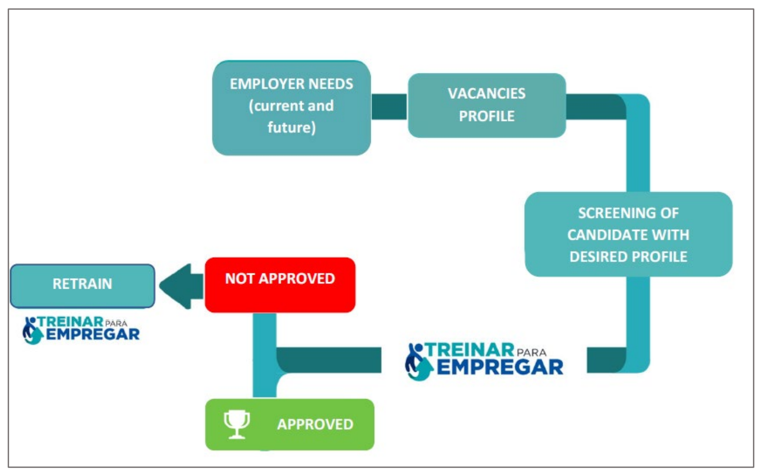
Case Studies

Brazil: Salvador Social is a multi-sector program that aims to improve the delivery of municipal social services for health, education and social protection. The capital city of Salvador is densely populated with a weak economic base. Nearly 40 percent of the population earns less than one-half the minimum salary, with approx. one-quarter of workers unemployed and one-third of workers in the informal sector.

Why is *Salvador Social* important? Salvador was better prepared to fact the pandemic because *Salvador Social* capacitated the city to respond rapidly. In health, the prior expansion of primary care enabled a fast increase in ICU beds. In education, the established infrastructure facilitated food distribution for children in municipal schools and the transition to remote education. Why was this important? Salvador carried out social distancing policies (no in-person schooling), so developing remote teaching was important. In social protection, *Salvador por Todos* (Salvador for All) provided cash transfers to informal municipal workers and distributed food baskets/meals. In Salvador, informality constitutes the largest share of the market, so the question became one of how to reach the residents during the pandemic.

How was the cash transfer implemented? The program had supported the city to develop a single registry for informal workers, "Cadastro Único." So, the largest share of the city's labor market already was registered with the Secretariat of Social Protection before the pandemic. The Secretariat defined the boundaries and carried out a highly successful media campaign. It provided over US$13 million in cash transfers (US$50 monthly per beneficiary) from 2020 to 2021, despite tight fiscal space.

What were the specifics? *Salvador Social* consolidated Departmental registries to compile beneficiary information for the first time. Verification was carried out using the city management system to avoid improper payment, mitigate fraud and address grievances. Payments were made using the Secretariat, which networks to the banking sector. The food security measures combined programs to expand its reach, covering a very specific group of the larger municipal population. The city goverment needs to capitalize on the pandemic-induced innovations to strenghten the capacity to deliver basic assistance and employment training.



What were the off-shoots? Salvador developed an unemployment registry, matching the unemployed with job vacancies through in-person and mobile applications. The new employment registry increased the uptake of pubic-sector by 12 percentage points in one year; this in a city where nearly one in four residents was unemployed pre-Covid. Salvador also developed a jobs training program for workers to up-skill and re-skill to better meet market needs. People living with disabilities constitute an important population in these schemes and experienced a 120 percent increase in job placement from 2020 to 2021. The city also supports people living with disabilities who have their own enterprises. In light of the Covid-19 pandemic, Salvador Social has deepened the city's ability to evolve/change, the government's capacity to address social problems and the public institutions' agility to provide better and faster services.

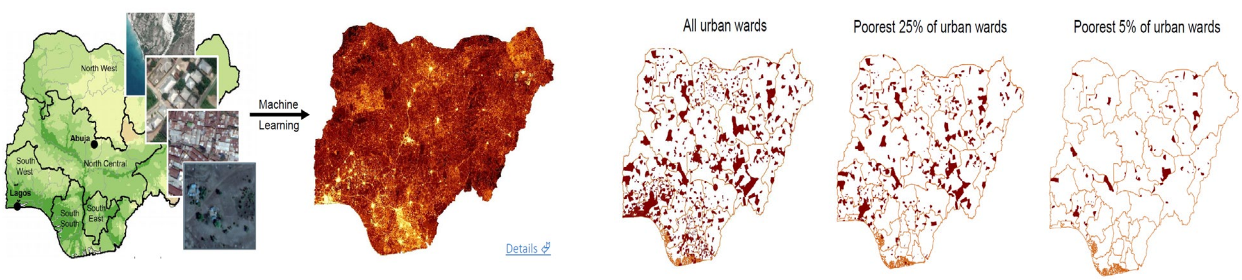
Nigeria: Rapid Response Register is a shock-responsive framework for providing emergency social interventions to poor and vulnerable urban households nationwide. In the context of Covid-19, the Nigerian National Social Safety Net Program, with World Bank Group support, looked to meet the country's immediate needs and to set the country's future path. Its social protection ecosystem organically evolves out of the Economic Sustainability Plan for a post-pandemic environment.

A presidential mandate to stem impoverishment. In March 2020, the president of Nigeria closed the country and directed the flagship social protection program to expand, increasing the (well-established) National Social Registry to meet the crisis and focusing on the urban poor. Forty percent of the total population of approx. 205 million lives in urban areas, with a majority youth population aged 18 to 35 and an extremely fast rate of urbanization. Four in ten Nigerians are poor.

A dynamic, complex socio-political structure. Nigeria has 258 ethnic groups in a land mass that is about twice the size of the state of California and slightly smaller than Ethiopia. The government comprises a federal level, 36 largely autonomous states and approx. 21 local governments in each state. Each local government has approx. 10 political wards, and the political wards have, on average, 26 communities. These communities largely define on the natural boundaries (ethnicity and tribe) and on total population (from 5,000 to 100,000).

A delicate balance of urban–rural dividing lines. The RRR adopted and made transparent the Nigerian National Population Commission's definition of urban and rural. The 8,799 political wards were delineated into 2,650 urban and 6,149 rural communities. The federal government confirmed the designated wards with each state and worked with federal and state ministries as well as parastatal agencies such as the National Population Commission and the Bureau of Statistics to develop a methodology for identifying the poorest urban populations. The parastatal organizations verified the states' data/information, and the federal government identified 1,181 political wards, targeting 20 million individuals.

A big data, high-resolution satellite imagery overlay. The targeting method used high-resolution satellite imagery to develop poverty maps. It then used big data, a machine learning algorithm and geo-coded "ground-truth" data on household wealth from the 2018 Demographic and Health Survey to identify the poorest 1,481 locations within the 2,650 urban wards. However, the uneven geo-political distribution led the RRR to adjust the number upward from 5 to 25 percent, using the National of Bureau Statistic's Poverty Headcount to strike an equitable balance among the 36 states.



A new registration process for the urban poor, a comprehensive National Social Registry for the country. Before the registration process began, the RRR geo- and color-coded each target location; within the locations, the telecom mastheads (identified by the satellite imagery) provided invaluable reference points to identify communities. This served both to identify incoming communications and to filter messages from non-targeted communities. To start the registration process, the RRR broadcast a SMS or text message to all targeted locations, soliciting information from individuals affected by the lockdown (such as, low-income and daily-wage earners). RRR servers capture and the RRR team verify in-bound information against the National Social Registry before forwarding it to the State Operations Coordinating Unit (responsible for the social registry). The state goes into the field (streets), house-by-house, to validate the information; then sends the verified information back to the RRR. The RRR clears the list and makes the payment. This system provides a foundation for expanding services to the urban poor and vulnerable.

A successful pilot, a full project. The technological underpinning of the framework introduced digital targeting and digital payment as well as realtime tracking for daily diagnostics. The RRR folded in citizen group, community service organizations and others to help promote and monitor the pilot, and close to 70 percent of the beneficiaries held low-income/low-wage jobs (such as, bus/taxi driver and brick layer), meaning the digital targeting worked. The grievance call center required a robust call-sorting system, as beneficiaries relied on it to distinguish legitimate from scam messaging. The telecoms ensured digital last-mile services, such as to reach the intended group and to identify beneficiary location when the information was not supplied. The RRR system coordinates information across layers of government and with parastatal agencies, pushing/pulling precise data, such as bank account information. The 2020 pilot delivered cash transfers to 3,155 poor and vulnerable urban residents in select locations. The newly announced 2021 project aims to deliver cash to 3 million nationwide, with aspirations to reach Nigeria's 20 million poor and vulnerable.

Ethiopia: Urban Productive Safety Net Project (UPSNP) evolved out of the country's well-established, rural-centric Productive Safety Net Program to meet a new phenomenon in Ethiopia and in the larger African context: urban poverty. After strong initial pushback, the UPSNP organized an outreach/education campaign and gained political commitment at the highest levels. The government established an inter-institutional structure, establishing and staffing federal and state institutions, to reach into impoverished and vulnerable urban communities. This public works program is specifically design to the urban context and to avoid the dependency syndrome.

Poverty has begun to urbanize in Ethiopia, following the migration patterns from rural to urban areas and skewing the urban demographic profile toward youth. By 2028, one-third of the Ethiopian population is projected to live in urban areas; and by 2034, the urban population is projected to triple.

Labor market access is a key determinant of poverty in urban areas. The two largest cities, Addis Ababa and Dire Dawa, have poverty rates around 28 percent. The poor, the elderly, women, and people living with disabilities constitute one segment of the urban poor. But those who occupy low-quality/low-wage jobs and those who have irregular or no work (including youth) constitute the largest segment.

UPSNP is one of the few flagship national programs in Africa and globally. Social protection systems are a key component of the country's long-term development strategy. In 2015, the government of Ethiopia developed a ten-year UPSNP Strategy as an element of the Job Creation and Food Security Strategy. Recently, the government endorsed the Social Protection Strategy, superseding the solely rural productive safety nets and articulating both urban and rural productive safety nets programs.

Urban Productive Safety Net Program is a critical building block. To date, the UPSNP has reached about 99.9 percent of its target populations in 11 major cities, constituting 604,000 able-bodied individuals who live under the poverty line, of which 70 percent in Addis Ababa. Safety net support, livelihood services, and institutional strengthening are the three components. It is designed as a springboard out of poverty, with a maximum participation of three years. Its five major activities and their impacts to-date are:

- *Urban Social Infrastructure and Services*: improved the quality and quantity of community assets such as maintaining road, health posts, public toilets, and primary schools (for example, 151 dining halls of which 128 are in progress and 23 under re-bidding for qualified contractors).
- *Urban Integrated Watershed Development*: constructed flood barriers for hillsides and mountains and constructed hillside terraces for urban small-scale vegetable production
- *Create Favorable Environment for Urban Agriculture*: converted marginal lands in productive vegetable gardens—providing livelihoods, increasing food quantity/quality and consumption, shifting the urban culture toward productive agricultural activities.
- *Solid Waste Management*: enhanced citizen awareness of and improved sanitation
- *Urban Beautification and Greenery Activities*: strengthened community engagement by creating environmentally friendly habitats; and importantly, created a beachhead for continued activities.

Over half the UPSNP beneficiaries have started their own businesses. The project enabled beneficiaries to save and to start their own businesses, representing ETB350,476,660.71 (USD8,043,790). Women represent 60 percent of the beneficiaries. And more than 50 percent of the beneficiaries have graduated from the program to start their own business. The program is being scaled up to 83 cities and small towns.

San Francisco: JobsNOW! connects social assistance to job interventions through customized tiers of job readiness and applies data analytics to better understand the dynamics labor market access and outcomes. The city of San Francisco is located in the state of California and is the second most densely populated city in the United States. About 880,000 people live in 49 square miles (12,909,417 square meters). The three main industries are the technology sector, hospitality and tourism, and healthcare. In the Covid-19 crisis, the unemployment rate increased more than sixfold from 2 to 13 percent. The economy has recovered but many still are suffering.

San Francisco Human Services Agency is primarily federal government programs that are devolved to the states and localities to implement on the ground. The main program of the Workforce Development Division is a subsidized employment program that was established in 2009: JobsNow! It largely targets recipients of public benefits programs; however, the program expanded to adult recipients of public health and unemployment insurance with the onset of Covid-19. In 2021, JobsNow! should be able to leverage another federal program: SNAP Employment and Training.

JobsNow! comprises of subprograms (tiers) for people of different levels of job readiness:

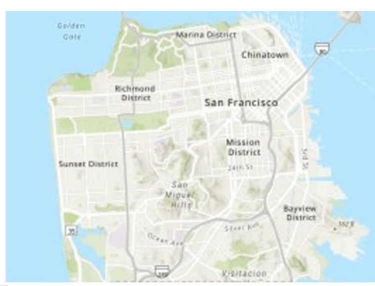
- *Community Jobs Program for clients less job-ready*: contracts with community nongovernmental organizations (NGO) who have relationships with other organizations, where clients work about 25 hours a week. The NGOs also provide classroom training on workplace readiness and digital literacy; allow time to earn a high school diploma equivalent; and help with job search.
- *Public Service Trainee for clients moderately job-ready*: internships at municipal government agencies, with work ranging from physical labor (such as, gardening with the Department of Parks and Recreation; street cleaning

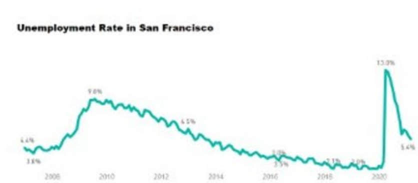
with the Department of Public Works) to office-skills jobs (such as, customer service, clerical, data entry, or junior-level technical support for Departments and Agencies).

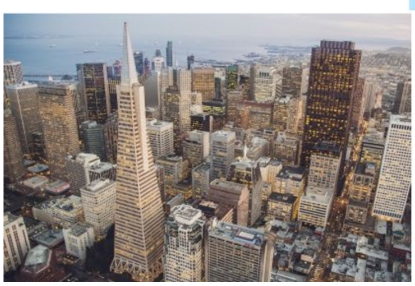
- *Wage Subsidy Program more job-ready clients*: engages private-sector employers and NGOs to fill their job openings, with JobsNow! subsidizing a portion of the wages for the first six months. In general, higher-wage jobs are eligible for a higher subsidy. How does this work?
    - *Outreach*: JobsNow! outreach teams work with private-sector employers/NGOs and with municipal agencies to identify job openings. JobsNow! teams also work with jobseekers on resume writing, interview skills and symmetric job match. Employers can interview several (pre-screened) jobseekers.
    - *Agreements*: JobsNow! and the employer sign an agreement up front, stipulating a commitment to keep employees through the subsidy period (hire with the expectation for a permanent position). Once the client is hired, the employer submits invoices to JobsNow! for reimbursement.
    - *Non-subsidized jobs*: JobsNow! also places jobseekers in non-subsidized positions.

Data analysis to monitor clients after the end of subsidized employment. JobsNow! does not have data internally on the 3,800 clients placed in a job from 2011 to 2016. However, JobsNow! was able to capture such data from California's Unemployment Agency. The Agency captures quarterly earnings data of every Californian wage earner, and for three years after exiting subsidized employment. There are caveats to the data, such as missed earnings/employment data; no earning information if a participant moved out of the state, worked for the federal government, or self-employed. The analysis is, thus, a lower-bound lens.

JobsNow! is successful, overall, in helping clients obtain and maintain jobs. The data analysis shows that 59 percent of participants had earnings for three years after subsidized employment, with earnings increasing, on average, 63 percent between the first and twelfth quarter after exit and with 45 percent of clients earning continuously in every quarter of the three years. Further, a very surprising result shows that earnings for participants placed in more than one job are higher. This altered the program's perspective on clients cycling in/out of its services. The message for clients: Try,Try Again!



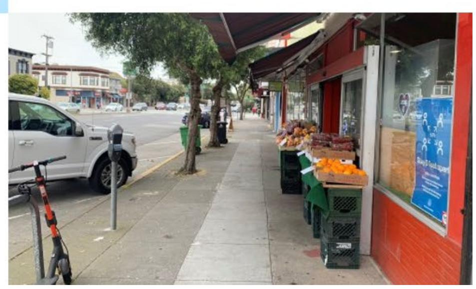


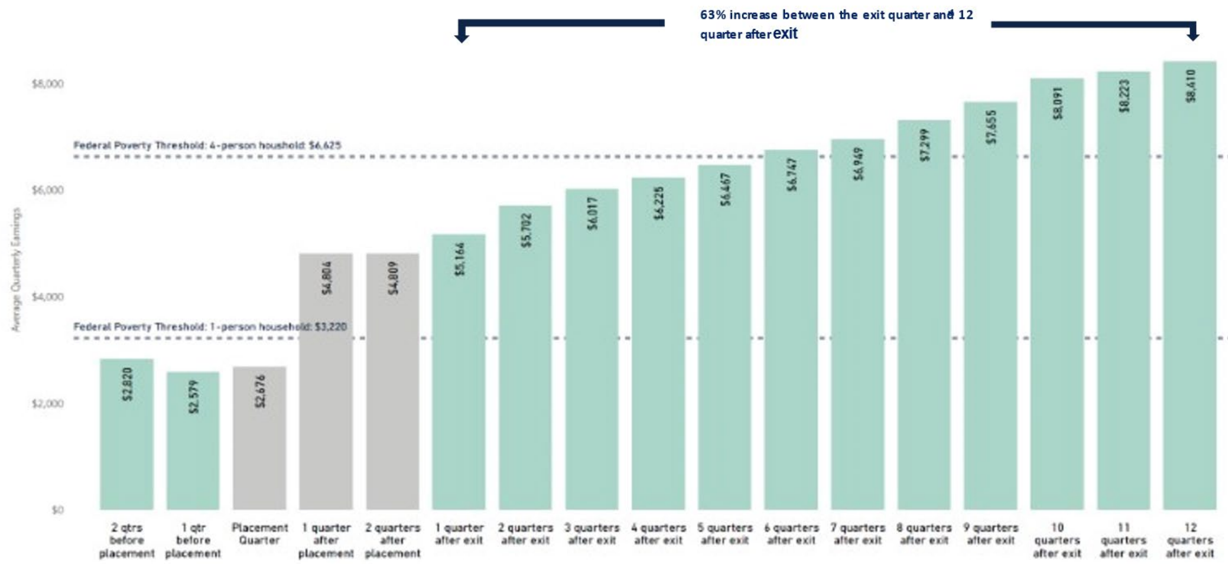


881, 549 people in **49** square miles
(Source: U.S. Census Bureau, 2019)

Top industries in employment:

- **Technology**
- **Food & Accommodation**
- **Healthcare**





Source: Analysis of quarterly earnings data from the California Employment Development Department and SFHSA's JobsNOW data

www.worldbank.org/sp

@WBG_SPLabor